



## ANVIL MINING LIMITED

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# News Release

FOR IMMEDIATE RELEASE

November 7, 2005

All amounts are expressed in US dollars

TSX, ASX: AVM

Common shares outstanding: 29.1 million

### **Anvil's Dikulushi Mine produces an Operating Profit of \$6.5 million for the September 2005 quarter with consolidated Net Earnings of \$2.9 million**

**Anvil Mining Limited (TSX, ASX: AVM)** today announced consolidated net earnings of \$2.9 million (\$0.10 per share) for the third quarter ended September 30, 2005, based on revenues of \$17.8 million from its Dikulushi Mine in the Democratic Republic of Congo (DRC). The Dikulushi mine generated an operating profit, after depreciation and amortization of \$6.5 million for the third quarter as compared to \$1.8 million for the corresponding quarter in 2004, representing a 261% increase. For the nine month period, the mine generated an operating profit, after depreciation and amortization of \$8.8 million as compared to \$7.5 million for the corresponding period in 2004. Owing to higher head grades and throughput, production more than doubled compared to the corresponding quarter of 2004, to 5,777 tonnes of copper and 0.6 million ounces of silver. Third quarter operating cash costs, before transportation and smelter charges but after silver credits were \$0.34 per payable pound of copper produced. Total cash costs (after silver credits) were \$0.79 per payable pound of copper. Revenues, net earnings and cash flow were higher compared to the third quarter of 2004, resulting from the significant increase in copper and silver production and higher realized metal prices.

#### **Third quarter highlights to September 30, 2005**

- Dikulushi Mine back on track and achieved record production for the quarter.
- Copper production of 5,777 tonnes and silver production of 0.6 million ounces with an ex-mine gate operating cash cost (after silver credits) of \$0.34 per payable pound of copper produced.
- Average realized metal prices of \$1.66 per payable pound of copper and \$6.92 per ounce of silver.
- Revenues from copper-silver concentrate sales of \$17.8 million.
- Operating Profit (after D&A) of US\$6.5 million.
- Net Earnings (consolidated) of \$2.9 million (\$0.10 per share).
- Cash flow from operations before non-cash working capital movements of \$4.9 million.
- Construction of the Kulu project on track to commence production in November 2005.

#### **Nine months highlights to September 30, 2005**

- Copper production of 11,731 tonnes and silver production of 1.1 million ounces with an ex-mine gate operating cash cost (after silver credits) of \$0.41 per payable pound of copper produced.
- Average realized metal prices of \$1.54 per payable pound of copper and \$6.82 per ounce of silver.

- Revenues from copper-silver concentrate sales of \$36.0 million.
- Operating Profit (after D&A) of US\$8.8 million.
- Net Earnings (consolidated) of \$1.4 million (\$0.05 per share).
- Cash flow from operations before non-cash working capital movements of \$6.6 million.

“The strong operating performance for the September 2005 quarter, which resulted in record delivery of 10.4 million payable pounds of copper contained in concentrates, was due to excellent performance in all the mining and processing areas of the Dikulushi Mine following the full re-accessing of the main orebody and the commissioning of the second ball mill in the second quarter of 2005”, commented Bill Turner, President and CEO of Anvil. “The strong copper market, combined with the start-up of production from the Kulu coarse rejects/tailings copper deposit scheduled for the fourth quarter of 2005 should further improve our revenues, cash flows and earnings for the coming quarters. Our accumulated mine development experience in Africa and the construction expertise gained at Dikulushi have enabled our construction and development team to bring Kulu into commercial production ahead of schedule and on budget.”

The complete unaudited interim financial statements and the Management’s Discussions and Analysis are available on the Company’s website at [www.anvil.com](http://www.anvil.com) and on SEDAR website at [www.sedar.com](http://www.sedar.com)

## **EXPENDITURES AND CASH POSITION**

During the third quarter, capital expenditures amounted to \$1.3 million and were mainly used for the construction and development of Kulu (\$0.6 million) and general plant, equipment and mine infrastructure at the Dikulushi Mine (\$0.7 million). An amount of \$0.9 million was incurred on exploration expenditures in the DRC during the third quarter.

The Company incurred higher general, administrative and marketing expenses during the quarter as a result of hiring additional executives to support the growth of the Company. In addition, the Company incurred higher legal fees and travel costs amounting to \$0.4 million during the third quarter relating to dealing with the allegations concerning the Kilwa incident that occurred in October 2004. In this respect, the Company has cooperated with the Mission of the United Nations in the DRC (MONUC), the Australian Federal Police, Governmental agencies in Canada and Australia and with the World Bank Group, including MIGA and the CAO, in their enquiries.

At the end of the third quarter, cash and cash equivalents amounted to \$2.5 million and the total debt was \$6.9 million for a debt to equity level of 15%.

## **PRODUCTION AND COSTS**

### **Record copper production at Dikulushi**

During the third quarter, approximately 83,266 tonnes of ore and 1,787,084 tonnes of waste were mined at the Dikulushi Mine for a waste to ore strip ratio of 21.4:1. The second ball mill, commissioned during the previous quarter, increased the average mill throughput for the third quarter to 1,313 tonnes per day, representing a 48% increase. This daily rate is expected to be maintained during the fourth quarter and for some time beyond, reflecting an annualized rate of production of 22,500 tonnes of copper.

Ore processed during the third quarter totalled 120,822 tonnes at an average grade of 5.5% copper for a mine record copper production of 5,777 tonnes for the quarter. Operating cash costs at the mine (after silver credits) were \$0.34 per payable pound of copper produced and total cash costs (after silver credits) were \$0.79 per payable pound of copper produced.

For the first nine months of 2005, production totalled 11,731 tonnes of copper and 1.134 million ounces of silver, representing increases of 28% and 45% respectively over the corresponding period in 2004. Operating cash costs (after silver credits) were \$0.41 per payable pound produced and total cash costs (after silver credits) were \$0.86 per payable pound of copper produced.

### **Dikulushi Mine - Quarterly Production Summary**

Production Statistics	2005			2004
	Sept Qtr	June Qtr	March Qtr	12 months Ending Dec 31
Ore mined (tonnes)	83,266	72,214	91,862	248,350
Waste mined (tonnes)	1,787,084	1,713,069	1,321,719	2,557,930
Waste to Ore Strip ratio	21.4 : 1	23.7 : 1	14.4 : 1	10.3 : 1
Ore processed (tonnes)	120,822	81,518	80,812	270,046
Ore grade (Cu%)	5.5	4.9	3.9	6.1
Contained copper (tonnes)	6,663	3,971	3,119	16,461
Recovery %	86.7	85.5	82.1	73.3
Copper produced (tonnes)	5,777	3,395	2,559	12,074
Silver produced (ounces)	586,875	301,967	245,044	1,059,455
Inventory at end of period (tonnes of copper concentrate)	2,343	802	541	608
Payable pounds of copper in concentrate delivered (millions)	10.4	6.8	5.6	24.9
Payable ounces of silver in concentrate delivered	432,494	262,111	230,168	950,441
Operating cash costs after silver credits (\$/ payable lb produced)	0.34	0.36	0.64	0.34
Total cash costs after silver credits (\$/ payable lb produced)	0.79	0.79	1.11	0.61

### **Dikulushi Deep Drilling and Stage III Underground Development**

The results from the previous deep drilling programs returned high copper and silver intersections under the current pit and extended the known mineralisation to a vertical depth of approximately 300 meters below surface. Additional infill drilling will be carried out in the fourth quarter of 2005 and preliminary engineering studies for the planning of Stage III underground mining, below a re-scheduled 150 metre open pit, have commenced. Development of this transition phase is expected to start during the first half of 2006.

The recent appointment of Malcolm Hillbeck as Vice President Operations is an important addition to the Company for the growth in the medium term and will ensure that the transition from open pit to underground operations is properly planned and implemented in stages beginning in 2006.

## **UPDATE ON DEVELOPMENT PROJECTS**

### **Kulu Mine, Kolwezi Region**

**The second copper mine developed and constructed by the Company in DRC will be completed shortly**

Construction of the Kulu Mine is currently 80% complete and commissioning is expected to begin before the end of November 2005, ahead of the previously forecast year-end commissioning date. In anticipation of the start-up of the HMS (Heavy Mineral Separation) plant which was moved from the Dikulushi Mine, some 40,000 tonnes of ore has already been stockpiled close to the plant. The mining of the coarse rejects/tailings of the Kulu deposit is a relatively simple operation with no waste stripping and no requirement for drill and blast activities.

It is anticipated that the average grade of the resource targeted for the first three years of the operations will be over 6% copper. An updated resource estimate for the section from the 0km mark to the 12.5km mark is expected in the fourth quarter of 2005. Drilling and sampling of the last section of the river bed between 12.5km and 14km marks has recently been completed.

### **Kulu and Kinsevere Projects**

It is expected that the Company will be able to announce resource estimates for both the Kulu and Kinsevere projects by year-end 2005. A Technical Report on Kinsevere will be completed according to National Instrument NI 43-101 and will be filed on SEDAR [www.sedar.com](http://www.sedar.com) in December 2005. The Company is presently in discussions with its partners MCK and Gécamines to finalize the terms of the agreement.

At the beginning of the third quarter of 2005, the Company resolved the legal dispute on the Mutoshi Joint Venture and, subsequent to the Lubumbashi Court ruling, all the parties have reached a confidential settlement whereby Chemaf has signed an undertaking that no further action, claims, rights or demands will be made, or can be made against the current shareholders in the Mutoshi Joint Venture. Consequently, the Company maintains its 70% beneficial interest in the Mutoshi Joint Venture as originally negotiated.

## **CORPORATE**

The Company announces the resignation of Philip K.P. Pascall as the Chairman of its Board of Directors, effective November 4, 2005. Mr. Pascall will remain on the Board as a director until the end of November 2005. Mr. Pascall cited his increased workload as Chairman and CEO of First Quantum Minerals Limited (FM) and the sale of FM's equity ownership in Anvil Mining Limited to institutional investors in the first quarter of 2005, as the reasons for his resignation.

"We greatly appreciate Philip's business and mining knowledge, international perspective and many significant contributions to the Anvil Board of Directors over the past eight years, dating back almost to the founding of the Company", stated Bill Turner, President and Chief Executive Officer of Anvil Mining Limited. The Board of Directors wishes Mr. Pascall every success in his future business endeavours.

The Company also announces that Mr. John Sabine has been elected as the Chairman of the Board of Directors. Mr Sabine has been an independent Director of Anvil Mining since early 2004 and will also continue to serve as a member of the Audit, Corporate Governance, and Nomination and Compensation committees of the Board of Directors. With the exception of Bill Turner, all of the remaining directors of Anvil's Board of Directors are independent. Anvil's Nomination and Compensation Committee has commenced the process to select a new Board member.

## OUTLOOK

Copper production should gradually increase over the mid-term with the commencement of commercial production at Kulu in the coming weeks. The Dikulushi Mine has achieved an excellent performance during the third quarter as a result of resolving the waste stripping issues and the commissioning of the second ball mill. With the start-up of the new Kulu Mine before the end of November 2005, the Company is targeting to produce 20,000 tonnes of copper and 1.6 million ounces of silver in 2005. During the fourth quarter, announcements are expected on resource estimates for the Kulu and Kinsevere projects.

Anvil Mining Limited is an unhedged copper and silver producer whose shares are listed for trading on the Toronto Stock Exchange and the Australian Stock Exchange under the symbol AVM. It owns and operates the Dikulushi copper-silver mine in the Katanga Province of the DRC. Dikulushi was brought into production in October 2002 and recently underwent an expansion to increase the processing plant capacity to over 20,000 tonnes of copper and 1.6 million ounces of silver per year.

***Caution Regarding Forward Looking Statements:** The forward-looking statements made in this news release are based on assumptions and judgements of management regarding future events and results. Such forward-looking statements, including but not limited to those with respect to the prices of copper and silver, estimated resources and reserves, estimated future production and estimated costs of future production involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual prices of copper and silver, the actual results of current exploration, development and mining activities, changes in project parameters as plans continue to be evaluated, changes in the political environment in the countries in which the Company is operating, as well as those factors disclosed in the Company's filed documents.*

*Statements regarding the Company's plans with respect to the evaluation and future development of the Kulu coarse rejects/tailings deposit, the evaluation of the Mutoshi and Kinsevere Projects (including Tshifufia Central, Tshifufia South and Tshifufiamashi) and to the recent expansion of the Dikulushi operation are forward-looking statements. There can be no assurance that future due diligence will be successfully completed, that future required regulatory approvals will be obtained or that anticipated transactions will be completed satisfactorily. There can be no assurance that the Company will be able to confirm the presence of a mineral deposit at any of the prospects at Mutoshi or Kinsevere, nor that any mineralization will be proven to be economic. Similarly, there can be no assurance as to the exact result of the recent expansion of the Dikulushi operation.*

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**Anvil Mining Limited**

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

**Consolidated Statements of Earnings and Retained Earnings (unaudited)**

	Notes	3 Months Ended September 30		9 Months Ended September 30	
		2005 \$	2004 \$	2005 \$	2004 \$
<b>Copper-silver concentrate sales</b>		17,775	7,156	35,963	22,701
Operating expenses		(9,993)	(4,702)	(23,201)	(13,258)
Amortization		(1,308)	(692)	(4,001)	(1,909)
Operating profit		6,474	1,762	8,761	7,534
Other income	2	9	10	68	22
<b>General, administrative and marketing</b>		(1,608)	(677)	(3,534)	(1,616)
Exploration expense		-	-	-	(213)
Foreign exchange gains/(losses)		52	(38)	42	111
Stock based compensation		(226)	(94)	(510)	(285)
<b>Interest and financing fees</b>	2	(1,329)	(487)	(2,804)	(1,776)
Earnings before income tax and non controlling interest		3,372	476	2,023	3,777
Income tax		-	-	(18)	234
Non controlling interest		(468)	(123)	(565)	(559)
<b>Net Earnings</b>		2,904	353	1,440	3,452
Retained earnings at beginning of the period		1,566	2,154	3,030	1,209
<b>Retained earnings at end of the period</b>		4,470	2,507	4,470	4,661
Basic earnings per share	13	0.10	0.02	0.05	0.16
Diluted earnings per share	13	0.10	0.01	0.05	0.15

*Notes are contained in Interim Financial Statements which are posted on the Anvil website and on Sedar.*

**Anvil Mining Limited**

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

**Consolidated Balance Sheets (unaudited)**

	Notes	September 30 2005 \$	December 31 2004 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,498	4,559
Restricted cash	3	-	14,133
Accounts receivable		6,792	2,181
Inventories	4	7,759	5,514
Prepaid expenses and deposits		940	639
		<hr/>	<hr/>
		17,989	27,026
<b>Deferred financing fees</b>	5	867	679
<b>Deferred mining costs</b>	6	4,224	2,617
<b>Exploration and evaluation expenditure</b>	7	22,021	4,727
<b>Property, plant and equipment</b>	8	22,741	21,509
		<hr/>	<hr/>
		67,842	56,558
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		7,170	4,640
Current income taxes		-	45
Other liabilities		490	500
Purchase consideration payable	11(c)	3,532	-
Current portion of long term debt	9	6,900	6,625
		<hr/>	<hr/>
		18,092	11,810
<b>Long term debt</b>	9	-	1,500
<b>Purchase consideration payable</b>	11(c)	2,710	-
<b>Environmental and mine closure liabilities</b>		322	306
<b>Non controlling interest</b>		841	613
		<hr/>	<hr/>
		21,965	14,229
<b>Shareholders' equity</b>			
Equity accounts	10	40,848	38,740
Cumulative translation adjustments		559	559
Retained earnings		4,470	3,030
		<hr/>	<hr/>
		67,842	56,558
<b>Contingent liabilities</b>	9		
<b>Commitments for expenditure</b>	11		

Notes are contained in Interim Financial Statements which are posted on the Anvil website and on Sedar.

**Anvil Mining Limited**

(Expressed in thousands, of U.S dollars, except per share amounts and as otherwise stated)

**Consolidated Statements of Cash Flows (unaudited)**

		3 Months Ended September 30		9 Months Ended September 30	
	Notes	2005	2004	2005	2004
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Net earnings for the period		2,904	353	1,440	3,452
Items not affecting cash					
Amortization		1,308	692	4,001	1,909
Exploration expenditure written off		-	-	-	27
Tax expense		-	-	18	(234)
Loss on disposal of assets		-	-	4	-
Non controlling interest		468	123	565	559
Borrowing costs - amortized		119	21	298	199
Unrealized foreign exchange (gains)/losses		(4)	9	(103)	(96)
Stock based compensation		226	94	510	285
Capitalized borrowing costs		(150)	-	(150)	-
Changes in non-cash working capital	14	(3,857)	(2,445)	(6,475)	(4,278)
		1,014	(1,153)	107	1,823
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(1,289)	(2,795)	(5,256)	(8,099)
Proceeds from sale of investments		-	-	-	41
Proceeds from sale of assets		-	-	1	-
Payments for exploration and evaluation expenditure		(926)	(287)	(10,279)	(856)
		(2,215)	(3,082)	(15,534)	(8,914)
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares (net of issue expenses)		23	-	457	4,916
Movement in restricted cash		-	-	14,133	-
Proceeds from borrowings		4,000	750	4,000	4,750
Repayment of borrowings		(1,875)	(375)	(5,225)	(1,375)
		2,148	375	13,365	8,291
Net increase (decrease) in cash and cash equivalents		947	(3,860)	(2,062)	1,200
Cash and cash equivalents at beginning of the period		1,552	7170	4,559	2,078
Effects of exchange rate changes on cash held in foreign currencies		(1)	45	1	77
Cash and cash equivalents at end of the period		2,498	3,355	2,498	3,355

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